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# MARTIN-McNEELY MINES, LIMITED

## *Annual Report*



*For the Year Ended December 31, 1970*





# Martin-McNeely Mines, Limited

## DIRECTORS

H. DAHL-JENSEN	-	-	-	-	-	-	-	-	-	-	Unionville, Ontario
J. E. J. FAHLGREN	-	-	-	-	-	-	-	-	-	-	Cochenour, Ontario
R. E. FASKEN	-	-	-	-	-	-	-	-	-	-	Mississauga, Ontario
G. B. HENNING	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
C. M. MASTERMAN	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
G. T. SMITH	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
R. M. SMITH	-	-	-	-	-	-	-	-	-	-	Oakville, Ontario

## OFFICERS

G. T. SMITH	-	-	-	-	-	-	-	-	-	-	-	<i>President</i>
N. W. WHEATLEY	-	-	-	-	-	-	-	-	-	-	-	<i>Secretary-Treasurer</i>

## Transfer Agent and Registrar

CANADA PERMANENT TRUST COMPANY  
Toronto, Ontario

## Auditors

ALLEN, MILES, FOX & JOHNSTON, TORONTO

## Head Office

Suite 3914, Royal Trust Tower  
Toronto Dominion Centre  
Toronto 1, Ontario

## ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 11:30 a.m., Wednesday, June 30, 1971, in the Saskatchewan Room, Royal York Hotel, Front Street West, Toronto, Ontario.



# MARTIN-McNEELY MINES, LIMITED

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## TO THE SHAREHOLDERS,

Your Board of Directors submit herewith the Annual Report of the Company for the year ended December 31st, 1970. Included are the audited financial statements for the 1970 fiscal period of the Company along with detailed reports and audited financial statements covering the 1970 operations of Annco Mines Limited (44.8% owned) and Wilmar Mines Limited (43.8% owned).

### ANNCO MINES LIMITED

The Annco operation supplied a total of 8,441 tons of ore to the joint operation during the year compared to 12,359 tons for the 1969 period. This ore had an average recoverable value of \$14.36 per ton. Direct operating costs for the year amounted to \$14.13 per ton, and with the Emergency Gold Mining Assistance benefits, estimated at \$4.03 per ton mined, a modest profit of \$6,406 was earned before amortization of deferred development. This compares with an operating loss of \$83,778 in 1969.

Although the tonnage of ore mined during the past year was less than in 1969 and wages increased approximately 6% during the period, overall mining costs per ton were reduced to \$14.13 compared to \$17.30 in the preceding year. Rock conditions improved due to quick fill procedures utilized during the period which was successful in minimizing ground movement.

Future production from this operation is contingent upon developments in the adjoining Wil-

mar operation which, it is hoped should be clarified within the next few months. Minor tonnages of ore averaging .35 ozs. gold per ton are indicated and exploration suggests the possibilities of downdip extensions below the 2200 foot level. However, the cost of developing any additional ore on the basis of current mining costs would be prohibitive, unless a significant increase in the price of gold occurred.

### WILMAR MINES LIMITED

Production of 67,246 tons of ore was obtained during the year averaging .30 ozs. of gold per ton having a recoverable value of \$10.68 per ton. This compares with a production of 45,068 tons averaging .34 ozs. of gold per ton in 1969. The lower recoverable value per ton reflects in part the unpegging of the Canadian Dollar during the year. The Company continued to qualify for Emergency Gold Mining Assistance, and the income estimated under these provisions amount to \$189,642 or \$10.27 per oz. of gold produced.

Overall direct operating costs for the year amounted to \$14.48 per ton compared to \$17.00 per ton in 1969. Although there was a general increase in wage rates during the year of approximately 6%, lower direct operating costs can be attributed in part to higher production in conjunction with reduced development and milling charges.

An overall loss for the year on operations amounted to \$417,000. However, some \$300,000 of this total can be attributed to amortization of deferred development and charges from Cochenour Willans Mines for plant use.

The Wilmar operation accounted for 71% of the total tonnage treated by the Cochenour mill and was obtained from the mining of some 14 stopes and 10 development headings on 6 different levels in the mine.

Late in the year, new ore was encountered in one of the development headings and subsequent drilling has indicated possibilities of reasonably significant tonnages. Development exploration is currently in progress and the continuance of the Wilmar operation will be dependant upon the success of this program.

Studies are presently underway to assess the economic feasibility of maintaining a reduced operation at the Cochenour mill, based on treatment of only Annco and Wilmar ore. A firm decision in this regard should be made during the next few months.

Even though continued operation of the mine may be feasible, shareholders should be aware that under the terms of the agreement with Cochenour and the advances Cochenour has made to Wilmar, the prospects of Wilmar earning a profit are currently extremely bleak.

#### **Exploration**

The Company's wholly-owned subsidiary, Martin-McNeely Mines, Inc. was unsuccessful in finalizing a joint venture operation covering the

uranium prospect located in the Yellow Cat area, Thompson Mining District, Grand County, Utah.

Even though some encouragement was obtained in the first phase of the exploration program, your Directors, cognizant of the Company's current working capital and the dampening of uranium markets decided against continuation of this project, on its own. Attempts were made to have the vendors of the property waive the minimum annual royalty payments; however, these met with little success; consequently, in early May 1971 the Company relinquished its option on the property and has no further liabilities in this regard.

The Company is in the process of reviewing the exploration potential of various properties in Canada and remains in a financial position to carry out preliminary programs in this regard.

The continued interest of shareholders in the Company's affairs is sincerely appreciated.

On behalf of the Board,

G. T. SMITH,  
President.

Dated at Toronto, Ontario,  
May 28, 1971.



# MARTIN-McNEELY

(Incorporated under the laws of the Province of Ontario)

AND ITS WHOLLY-OWNED SUBSIDIARIES

## Consolidated Balance Sheet

(with comparative figures for 1969)

### ASSETS

	1970	1969
<b>Current Assets</b>		
Cash .....	\$ 997	\$ 943
Short-term investments, at cost .....	74,396	183,543
Marketable securities, at cost (quoted market value 1970, \$169,460; 1969, \$209,830) .....	193,618	216,983
Receivable from broker for securities sold .....	81,281	7,071
	<u>350,292</u>	<u>408,540</u>
<b>Participation in Other Mining Companies</b>		
Shares, at cost less amounts written off (no quoted market value) ...	308,020	880,815
Advances to Wilmar Mines Limited .....	20,000	20,000
	<u>328,020</u>	<u>900,815</u>
<b>Mining Properties</b>		
Patented mining claims situated in the Township of Dome in the District of Patricia, Ontario, at cost .....	99,470	99,470
<b>Deferred Charges and Other Assets</b>		
Participation in mining syndicates, at nominal value .....	9	9
Deferred exploration and administrative expenditures .....	356,908	331,335
Incorporation expense .....	607	607
	<u>357,524</u>	<u>331,951</u>
	<u>\$1,135,306</u>	<u>\$1,740,776</u>

*laws of the Province of Ontario)*

as at December 31, 1970

s at December 31, 1969)

### Current Liabilities

Accounts payable and accrued liabilities .....	\$ 1,077	\$ 10,555
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## Capital Stock

6,000,000 shares of \$1. par value .....	6,000,000	6,000,000
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Less discount on shares .....	4,312,181	4,312,181
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Retained earnings (deficit) .....	(553,590)	42,402
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1,134,229	1,730,221
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Approved on behalf of the Board:

G. T. SMITH, Director.

R. E. FASKEN, Director.

\$1,135,306

\$1,740,776



# MARTIN-McNEELY MINES, LIMITED

AND ITS WHOLLY-OWNED SUBSIDIARY COMPANY, MARTIN McNEELY MINES, INC.

## CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

For the year ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
Balance deferred January 1	\$ 331,335	\$ 169,968
<b>Exploration</b>		
Access road and drill site construction	—	7,896
Drilling	—	81,186
Engineering fees and expenses	13,703	33,717
Leased claims rental	18,222	50,361
Other expenses	2,369	4,840
Surveying	—	1,641
Travel	40	2,366
	<u>34,334</u>	<u>182,007</u>
<b>Administrative</b>		
Audit fees	1,575	750
Directors' fees	325	525
General administration expenses	1,800	1,800
General expense	256	190
Legal fees	513	—
Office rent	600	600
Office salary and expense	561	562
Shareholders' information	2,702	2,557
Transfer agent's fees and expenses	3,045	2,551
Travel	—	402
	<u>11,377</u>	<u>9,937</u>
Total exploration and administrative expenditures for the year	<u>45,711</u>	<u>191,944</u>
Balance deferred before the following	<u>377,046</u>	<u>361,912</u>
<b>Investment income</b>		
Interest	11,474	19,797
Dividends	8,664	10,780
	<u>20,138</u>	<u>30,577</u>
Balance deferred December 31	<u>\$ 356,908</u>	<u>\$ 331,335</u>



# MARTIN-McNEELY MINES, LIMITED

AND ITS WHOLLY-OWNED SUBSIDIARY COMPANY, MARTIN McNEELY MINES, INC.

## CONSOLIDATED STATEMENT OF DEFICIT

For the year ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
Retained earnings January 1 .....	\$ 42,402	\$ 18,386
Gain (loss) on sale of investments .....	(23,197)	24,016
	<u>19,205</u>	<u>42,402</u>
Deduct shares in other companies written down .....	572,795	—
Retained earnings (deficit) December 31 .....	<u>\$ (553,590)</u>	<u>\$ 42,402</u>

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
<b>Source of Funds</b>		
Investment income .....	\$ 20,138	\$ 30,577
Gain on sale of investments .....	—	24,016
	<u>20,138</u>	<u>54,593</u>
<b>Application of Funds</b>		
Loss on sale of investments .....	23,197	—
Exploration and administrative expenditures .....	45,711	191,944
Incorporation expense .....	—	607
	<u>68,908</u>	<u>192,551</u>
Decrease in working capital .....	48,770	137,958
Working capital January 1 .....	397,985	535,943
Working capital December 31 .....	<u>\$ 349,215</u>	<u>\$ 397,985</u>

# MARTIN-McNEELY MINES, LIMITED

AND ITS WHOLLY-OWNED SUBSIDIARY COMPANY, MARTIN McNEELY MINES, INC.

## SHARES IN OTHER MINING COMPANIES

December 31, 1970

Shares in unlisted mining companies at cost less amounts written off

	<u>Shares</u>	<u>Book Value</u>
Luxor Red Lake Mines Limited .....	197,500	\$ 9,875
Lake Expanse Gold Mines Limited .....	15,000	1,333
Bruno Mining Corporation (shares escrowed) .....	10,000	1
Annco Mines Limited .....	1,301,668	78,028
Wilmar Mines Limited .....	1,315,666	208,370
Marmattagami Mines Limited (135,000 shares escrowed) .....	160,000	10,413
		<u>\$ 308,020</u>



# MARTIN-McNEELY MINES, LIMITED

AND ITS WHOLLY-OWNED SUBSIDIARY COMPANY, MARTIN McNEELY MINES, INC.

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## NOTE TO CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 1970

Martin McNeely Mines, Inc. holds 486 unpatented mining claims in the Yellow Cat Area, Grand County, State of Utah, U.S.A. under lease agreements expiring June 24, 1979 which date may be extended under certain circumstances. The leases provide for payments totalling \$17,500 U.S. in 1971 and each year during the term of the leases, which amounts may be deducted from future royalties which may become payable should the property be brought into production. The company may terminate the leases at any time on 30 days notice. The company has also an option to purchase these claims at any time during the term of the leases for a consideration of \$1,600,000 U.S.

## AUDITORS' REPORT

To the Shareholders of  
Martin-McNeely Mines, Limited

We have examined the consolidated balance sheet of Martin-McNeely Mines, Limited and its wholly-owned subsidiary company, Martin McNeely Mines, Inc, as at December 31, 1970 and the consolidated statements of deferred exploration and administrative expenditures, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with general accepted accounting principles applied on a basis consistent with that of the preceding year.

ALLEN, MILES, FOX & JOHNSTON,  
Chartered Accountants.

Toronto, Canada,  
March 11, 1971.

# ANNCO MINES LIMITED

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## *Annual Report*

For the year ended December 31, 1970

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### DIRECTORS

J. E. J. FAHLGREN	-	-	-	-	-	-	-	-	-	Cochenour, Ontario
R. E. FASKEN	-	-	-	-	-	-	-	-	-	Mississauga, Ontario
M. C. MOSHER	-	-	-	-	-	-	-	-	-	Toronto, Ontario
J. B. McLELLAN	-	-	-	-	-	-	-	-	-	Toronto, Ontario
G. T. SMITH	-	-	-	-	-	-	-	-	-	Toronto, Ontario
R. M. SMITH	-	-	-	-	-	-	-	-	-	Oakville, Ontario

### OFFICERS

J. E. J. FAHLGREN	-	-	-	-	-	-	-	-	-	-	<i>President</i>
G. T. SMITH	-	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
J. B. McLELLAN	-	-	-	-	-	-	-	-	-	-	<i>Secretary</i>
B. C. LEMON	-	-	-	-	-	-	-	-	-	-	<i>Asst. Secretary-Treasurer</i>

### ADMINISTRATIVE OFFICE

Cochenour, Ontario



# ANNCO MINES LIMITED

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## *Report of the Directors*

To the Shareholders  
ANNCO MINES LIMITED

We submit herewith for your consideration the audited financial statements of your Company for the year ended December 31, 1970, and the report received from our operations management, Cochenour Willans Gold Mines, Limited, covering the mine operations for the year 1970.

The operation showed improvement in 1970, with a profit of \$6,406 before amortization of deferred development, when compared with a loss of \$83,778 in 1969. Rock conditions were relatively stable during the year due to a method of almost constant quick fill of mined area immediately broken ore is removed. The method is slower overall and the tonnage mined reduced, but more successful in controlling the ground movement.

During the year the Wilmar mine was the main supplier of ore to the consolidated operations. The future continues to rest with the developments at the Wilmar which should be clarified by the time of the annual and general meeting in June.

The death on October 31st, 1970 of Mr. Frederick J. Mills, and that of Mr. Edward C. Cochenour on November 27th, 1970, who have served on the board since the inception of the company, is recorded with deep regret. The counsel and guidance of these two senior directors will be greatly missed.

We welcome Mr. Robert M. Smith of Oakville, Ontario and Mr. Robert E. Fasken of Mississauga, Ontario, who have been elected to the Board of Directors.

Respectfully submitted on behalf of the Board of Directors,

J. E. J. FAHLGREN,

President.

May 15th, 1971  
COCHENOUR, Ontario

# ANNCO MINES LIMITED

To the Board of Directors  
ANNCO MINES LIMITED

Gentlemen:

This report covering the operations of your Company for the year 1970 is submitted for your consideration.

## PRODUCTION

8,441 tons of ore were sent to the Cochenour Mill, producing 3,309.173 fine ounces of gold and 165.450 fine ounces of silver valued at \$121,194 for an average recovery of \$14.36 per ton milled. The price received for gold averaged was \$36.45, compared with \$37.68 Canadian per fine ounce in 1969 and for silver \$1.82 per ounce compared with \$1.92 in 1969. The decrease in the price received for gold and silver reflects the result of the Canadian Government's decision to allow the Canadian dollar to float free in 1970. All bullion was shipped to the Royal Canadian Mint.

Your Company qualified for Emergency Gold Mining Assistance. Total income estimated to be received under the provisions of this Act is \$33,998 or \$10.27 per ounce of gold produced.

## COSTS

There was a general increase in costs following adjustments in wage rates which averaged approximately six percent during the year and the unabated inflationary increases in the cost of material, supplies and services. Mining conditions are back to normal and an appreciable reduction in overall costs is noted when compared to the previous year.

### SCHEDULE OF OPERATING COSTS

	1970		1969
	TOTAL	Per Ton Milled	Per Ton Milled
Tons Milled .....		8,441	12,359
Development .....	\$ 949	\$ 0.112	\$ 0.693
Mining .....	74,365	8.810	10.432
Milling .....	23,984	2.842	3.690
General and Administrative .....	19,000	2.251	2.410
Marketing .....	945	.112	.072
TOTAL OPERATING COSTS .....	\$ 119,243	\$ 14.127	\$ 17.297
Deduct — Estimated E.G.M.A. ....	33,998	4.028	2.998
	<u>\$ 85,245</u>	<u>\$ 10.099</u>	<u>\$ 14.299</u>

## MINING

The mill feed was supplied from the mining of three stopes which produced 8,441 tons of ore averaging 0.432 ounces gold per ton, representing twenty-three (23) tons per day and 9% of the ore milled by the Cochenour mill. In 1969 Annco shipped 12,359 tons grading 0.312 ounces gold per ton.

Mining continues on the 22nd level in the 10 North Stope by cut and fill method. The talcose structure continues to be under control. There is approximately 27,000 tons averaging 0.35 ounces gold per ton to be mined in this stope. No further exploration was undertaken on levels below the 2200 level.

Previous exploration for down dip extensions of the talcose ore zone below the 2200 level established the mineralized zone to a depth of at least 175 feet below this level. To open up the next horizon would require 3,000 feet of crosscutting and drifting, the cost of which is prohibitive for the one known zone at present day costs.

Respectfully submitted

COCHENOUR WILLANS GOLD MINES, LIMITED  
(Operations Management)

April 28th, 1971,  
COCHENOUR, Ontario.

J. E. J. FAHLGREN,  
General Manager.



# ANNCO MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

## BALANCE SHEET — DECEMBER 31, 1970 (with comparative figures at December 31, 1969)

ASSETS		1970	1969
<b>Current Assets</b>			
Cash .....	\$	376	\$ 614
Estimated Emergency Gold Mining Assistance receivable .....		9,732	23,693
		<u>10,108</u>	<u>24,307</u>
<b>Mining Claims</b> , acquired by the issue of 1,166,663 shares of the capital stock of the company, valued at .....		58,333	58,333
<b>Deferred Development</b> .....		545,064	545,064
Less amortization .....		384,311	361,351
		<u>160,753</u>	<u>183,713</u>
	\$	<u>229,194</u>	<u>\$ 266,353</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities .....	\$	750	\$ 750
Payable to parent company, Cochenour Willans Gold Mines, Limited ..		198,736	219,341
		<u>199,486</u>	<u>220,091</u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Capital Stock</b> (see note)			
Authorized			
3,000,000 Shares, par value \$1 each			
Issued			
2,906,668 Shares .....		2,906,668	2,906,668
Deduct discount thereon .....		2,192,330	2,192,330
		<u>714,338</u>	<u>714,338</u>
<b>Deficit</b> .....		684,630	668,076
		<u>29,708</u>	<u>46,262</u>
	\$	<u>229,194</u>	<u>\$ 266,353</u>

Approved by the Board:

ROBERT M. SMITH, Director.

J. E. J. FAHLGREN, Director.

To the Shareholders of  
ANNCO MINES LIMITED

## AUDITORS' REPORT

We have examined the balance sheet of Annco Mines Limited as at December 31, 1970 and the statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada,  
February 10, 1971.

THORNE, GUNN, HELLIWELL & CHRISTENSON,

Chartered Accountants.

# ANNCO MINES LIMITED

## STATEMENT OF INCOME Year Ended December 31, 1970 (with comparative figures for 1969)

	1970	1969
<b>Revenue</b>		
Bullion production .....	\$ 121,194	\$ 136,202
<b>Operating Expenses</b>		
Development .....	949	8,555
Mining .....	74,365	128,935
Milling .....	23,984	45,604
Shipping and marketing .....	945	893
Mine general .....	16,913	27,645
Administrative .....	1,812	1,795
Directors' fees .....	275	350
	119,243	213,777
Less estimated Emergency Gold Mining Assistance .....	33,998	37,054
	85,245	176,723
	35,949	(40,521)
<b>Other Expenses</b>		
Charge from parent company for use of plant .....	29,543	43,257
Amortization of deferred development .....	22,960	33,616
	52,503	76,873
<b>Loss for the Year</b> .....	<u>\$ 16,554</u>	<u>\$ 117,394</u>

## STATEMENT OF DEFICIT Year Ended December 31, 1970 (with comparative figures for 1969)

	1970	1969
Deficit at beginning of year .....	\$ 668,076	\$ 550,682
Loss for the year .....	16,554	117,394
<b>Deficit at End of Year</b> .....	<u>\$ 684,630</u>	<u>\$ 668,076</u>



# ANNCO MINES LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS Year Ended December 31, 1970 (with comparative figures for 1969)

	1970	1969
<b>Source of Funds</b>		
Loss for the year . . . . .	\$ (16,554)	
Amortization of deferred development not involving current funds . . . .	22,960	
	<u>6,406</u>	
Sale of investment in Wilmar Mines Limited to parent company, Cochenour Willans Gold Mines, Limited . . . . .		\$ 92,914
	<u>6,406</u>	<u>92,914</u>
<b>Application of Funds</b>		
Loss for the year . . . . .		117,394
Amortization of deferred development not involving current funds . . . .		33,616
		<u>83,778</u>
<b>Increase in Working Capital Position . . . . .</b>	<b>6,406</b>	<b>9,136</b>
<b>Working Capital Deficiency at Beginning of Year . . . . .</b>	<b>195,784</b>	<b>204,920</b>
	<u>195,784</u>	<u>204,920</u>
<b>Working Capital Deficiency at End of Year . . . . .</b>	<b>\$ 189,378</b>	<b>\$ 195,784</b>
	<u><u>189,378</u></u>	<u><u>195,784</u></u>

## NOTE TO FINANCIAL STATEMENTS Year Ended December 31, 1970

### CAPITAL STOCK

At December 31, 1970, Martin-McNeely Mines Limited, under the terms of certain agreements, had options to subscribe for 93,332 shares of the company at \$1 per share.

# WILMAR MINES LIMITED

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## *Annual Report*

For the year ended December 31, 1970

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### DIRECTORS

J. E. J. FAHLGREN	-	-	-	-	-	-	-	-	-	Cochenour, Ontario
R. E. FASKEN	-	-	-	-	-	-	-	-	-	Mississauga, Ontario
M. C. MOSHER	-	-	-	-	-	-	-	-	-	Toronto, Ontario
J. B. McLELLAN	-	-	-	-	-	-	-	-	-	Toronto, Ontario
G. T. SMITH	-	-	-	-	-	-	-	-	-	Toronto, Ontario
R. M. SMITH	-	-	-	-	-	-	-	-	-	Oakville, Ontario

### OFFICERS

J. E. J. FAHLGREN	-	-	-	-	-	-	-	-	-	-	<i>President</i>
G. T. SMITH	-	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
J. B. McLELLAN	-	-	-	-	-	-	-	-	-	-	<i>Secretary</i>
B. C. LEMON	-	-	-	-	-	-	-	-	-	-	<i>Asst. Secretary-Treasurer</i>

### ADMINISTRATIVE OFFICE

Cochenour, Ontario



# WILMAR MINES LIMITED

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## *Report of the Directors*

To the Shareholders  
WILMAR MINES LIMITED

We submit for your consideration the audited financial statements of your Company for the year ending December 31, 1970.

The report received from our operations management, Cochenour Willans Gold Mines, Limited, covering the operations at the mine during the year, is also enclosed.

The operation continued in deficit during 1970. The Cochenour proposed to stop all mining in the Cochenour mine, and Annco are now mining one stope. The future therefore rests with the developments at Wilmar and the situation should be clarified by the time of the annual and general meeting in June, when the extent of the new ore zones on the 17th and 19th levels will be known.

The death on October 31st, 1970 of Mr. Frederick J. Mills, and that of Mr. Edward C. Cochenour on the 27th day of November, 1970, both of whom served on your board of directors since the inception of our Company, is recorded with sincere regret. The guidance and counsel of these two senior directors will be greatly missed.

We welcome Mr. Robert M. Smith of Oakville, Ontario and Mr. Robert E. Fasken of Mississauga, Ontario, who have been elected to the Board of Directors to fill these vacancies.

Respectfully submitted on behalf of the Board of Directors,

J. E. J. FAHLGREN,  
President.

May 15th, 1971,  
COCHENOUR, Ontario.

# WILMAR MINES LIMITED

The Board of Directors  
WILMAR MINES LIMITED

Gentlemen:

This report covering the operations of your company for the year 1970 is submitted for your consideration.

## PRODUCTION

67,246 tons of ore were sent to the Cochenour Mill for treatment, producing 18,460.078 fine ounces of gold and 24,873.960 ounces of silver valued at \$718,058 for an average recovery of \$10.68 per ton milled. The price received for gold averaged \$36.45, compared with \$37.68 Canadian per fine ounce in 1969 and for silver \$1.82 per ounce compared with \$1.92 in 1969. The decrease in the price received for gold and silver reflects the result of the Canadian Government's decision to allow the Canadian dollar to float free in 1970. All bullion was shipped to the Royal Canadian Mint.

Your company qualified for Emergency Gold Mining Assistance. Total income estimated to be received under the provisions of this Act is \$189,642 or \$10.27 per ounce of gold produced.

## COSTS

There was a general increase in costs following adjustments in wage rates which averaged approximately six percent during the year and the unabated inflationary increases in the cost of material, supplies and services. Mining in all stopes settled down to the cut and fill method, and an appreciable reduction in overall costs is noted when compared to the previous year.

## SCHEDULE OF OPERATING COSTS

	1970		1969
	TOTAL	Per Ton Milled	Per Ton Milled
Tons Milled .....		67,246	45,068
Development .....	\$ 83,147	\$ 1.239	\$ 2.092
Mining .....	564,884	8.400	8.843
Milling .....	191,186	2.842	3.690
General and Administrative .....	128,999	1.918	2.300
Marketing .....	5,342	.079	.075
TOTAL OPERATING COSTS .....	\$ 973,558	\$ 14.478	\$ 17.000
Deduct — Estimated E.G.M.A. ....	189,642	2.820	3.238
	<u>\$ 783,916</u>	<u>\$ 11.658</u>	<u>\$ 13.762</u>



## **MINING**

The mill feed was supplied from the mining of fourteen stopes and ten development headings which produced 67,246 tons of ore averaging 0.302 gold and 0.370 silver per ton. This tonnage represented 71% of the total tonnage milled by the Cochenour mill.

Mining continued throughout the year on the 1300, 1450, 1900 and 2050 levels with development mining in the latter part of 1970 on the 1750 level. All stoping is cut-and-fill mining.

The 1750 East crosscut and drift advanced 868 feet during the year. Ore was unexpectedly encountered in this development in the 2 East block and 2,799 tons of development muck was sent to the mill averaging 0.19 ounces gold per ton. This new ore block was prepared for mining and at the year end 2,240 tons of ore had been mined averaging 0.49 ounces gold per ton. Subsequently diamond drilling has traced the same block down to the 19th level where two stopes are now being opened up for mining.

The 6 East block on the 17th level has not been reached. The drift is within 300 feet of this objective. While the drift heading was in very favourable rock, drifting was stopped to use the manpower to develop the 2 East ore blocks on the 17th and 19th levels.

The Diorite Dyke structure indicated by an earlier diamond drilling program remains to be investigated. Some of the better intersections at the 17th level horizon in this structure were 0.53/12', 0.44/26.5', 0.23/7.8' and 1.35/8.0' (ounces gold per ton/core length in feet).

As the geological and geometric picture of the Wilmar unfolds, it has become apparent that this mine has good potential for additional ore zones and an expanded exploration program is warranted.

## **OUTLOOK**

There has not been any arrest in the inflationary rise in the cost of supplies and services. The regular six percent increase in wage rates annually has to be met. The continuance of consolidated operations is critical and should be clarified by the time of the annual meeting.

Respectfully submitted

COCHENOUR WILLANS GOLD MINES, LIMITED  
(Operations Management)

J. E. J. FAHLGREN,  
General Manager.

April 28th, 1971  
COCHENOUR, Ontario

# WILMAR MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

## BALANCE SHEET — DECEMBER 31, 1970 (with comparative figures at December 31, 1969)

	ASSETS	1970	1969
<b>Current Assets</b>			
Cash .....		\$ 517	\$ 25
Estimated Emergency Gold Mining Assistance receivable .....		51,439	59,485
		<u>51,956</u>	<u>59,510</u>
<b>Fixed Assets</b>			
Equipment, at cost .....		10,284	10,284
Less accumulated depreciation .....		3,968	2,854
		<u>6,316</u>	<u>7,430</u>
Mining claims, acquired by the issue of 1,000,000 shares of capital stock of the company, valued at \$100,000, less claims and surface rights sold .....		42,874	42,874
		<u>49,190</u>	<u>50,304</u>
<b>Deferred Development, at cost less amortization .....</b>		<u>1,085,450</u>	<u>1,219,942</u>
		<u>\$1,186,596</u>	<u>\$1,329,756</u>
	<b>LIABILITIES</b>		
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities .....		\$ 2,850	\$ 750
Advances from shareholders			
Cochenour Willans Gold Mines, Limited .....		721,351	450,035
Martin-McNeely Mines Limited .....		20,000	20,000
		<u>744,201</u>	<u>470,785</u>
	<b>SHAREHOLDERS' EQUITY</b>		
<b>Capital Stock</b>			
Authorized			
3,000,000 Shares, par value 95¢ each			
Issued			
3,000,000 Shares .....		2,850,000	2,850,000
Deduct discount thereon (net) .....		1,516,669	1,516,669
		<u>1,333,331</u>	<u>1,333,331</u>
<b>Deficit .....</b>		<u>890,936</u>	<u>474,360</u>
		<u>442,395</u>	<u>858,971</u>
		<u>\$1,186,596</u>	<u>\$1,329,756</u>
Approved by the Board:			
J. E. J. FAHLGREN, Director.			
ROBERT M. SMITH, Director.			



# WILMAR MINES LIMITED

## STATEMENT OF INCOME Year Ended December 31, 1970 (with comparative figures for 1969)

	1970	1969
<b>Revenue</b>		
Bullion production .....	\$ 718,058	\$ 553,439
<b>Operating Expenses</b>		
Development .....	83,147	94,281
Mining .....	564,884	398,518
Milling .....	191,186	166,304
Shipping and marketing .....	5,342	3,378
Mine general .....	126,108	100,814
Administrative .....	2,616	2,524
Directors' fees .....	275	350
	973,558	766,169
Less estimated Emergency Gold Mining Assistance .....	189,642	145,915
	783,916	620,254
	(65,858)	(66,815)
<b>Other Expenses</b>		
Depreciation .....	1,114	1,311
Charge from parent company for use of plant .....	168,115	112,670
Amortization of deferred development .....	134,492	90,136
Interest on advances from parent company .....	46,997	29,445
	350,718	233,562
<b>Loss for the Year</b> .....	<u>\$ 416,576</u>	<u>\$ 300,377</u>

## STATEMENT OF DEFICIT Year Ended December 31, 1970 (with comparative figures for 1969)

	1970	1969
Balance at beginning of year .....	\$ 474,360	\$ 170,387
Add		
Loss for the year .....	416,576	300,377
Incorporation and organization expenses written off .....	—	3,596
<b>Balance at End of Year</b> .....	<u>\$ 890,936</u>	<u>\$ 474,360</u>

# WILMAR MINES LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1970  
(with comparative figures for 1969)

	1970	1969
<b>Application of Funds</b>		
Loss for the year .....	\$ 416,576	\$ 300,377
Items not involving current funds		
Depreciation .....	(1,114)	(1,311)
Amortization of deferred development .....	(134,492)	(90,136)
<b>Decrease in Working Capital Position</b> .....	280,970	208,930
<b>Working Capital Deficiency at Beginning of Year</b> .....	411,275	202,345
<b>Working Capital Deficiency at End of Year</b> .....	<u>\$ 692,245</u>	<u>\$ 411,275</u>

## AUDITORS' REPORT

To the Shareholders of  
WILMAR MINES LIMITED

We have examined the balance sheet of Wilmar Mines Limited as at December 31, 1970 and the statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada,  
February 5, 1971.

THORNE, GUNN, HELLIWELL & CHRISTENSON,  
Chartered Accountants.













AR53

*Martin-McNeely  
Mines Limited*

and Subsidiary Co.

INTERIM REPORT

6  
MONTHS  
ENDED  
June 30, 1970

# MARTIN-McNEELY MINES LIMITED

and Subsidiary Co.

## CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES (unaudited)

(with comparative figures for 1969)

	30 June 1970	30 June 1969
Balance Deferred January 1st .....	\$ 331,335	\$ 169,968
<b>Exploration</b>		
Leased Claims Rental .....	\$ 18,222	—
Engineering Fees and other Expenses .....	13,425	\$ 172
	<u>31,647</u>	<u>172</u>
<b>Administrative</b>		
Shareholders' Information .....	2,053	2,208
General Expense .....	787	163
Transfer Agent's Fees .....	462	591
Office Rental .....	300	300
General Administrative .....	900	900
Directors' Fees .....	150	350
Audit .....	475	375
Office Salary and Expenses .....	285	267
	<u>5,412</u>	<u>5,154</u>
TOTAL Exploration and Administrative Expenses .....	<u>37,059</u>	<u>5,326</u>
	368,394	175,294
<b>Deduct</b>		
Interest Income .....	6,562	15,137
	<u>4,890</u>	<u>5,435</u>
	11,452	20,572
Balance Deferred June 30th .....	<u>\$ 356,942</u>	<u>\$ 154,722</u>

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS (unaudited)

(with comparative figures for 1969)

	30 June 1970	30 June 1969
<b>Source of Funds</b>		
Income from Investments .....	\$ 11,452	\$ 20,572
Gain on Investments .....		2,537
	<u>11,452</u>	<u>23,109</u>
<b>Application of Funds</b>		
Exploration and Administrative Expense .....	37,059	5,326
Loss on Sale of Investments .....	9,411	—
	<u>46,470</u>	<u>5,326</u>
Increase or (Decrease) in Working Capital .....	(35,018)	17,783
Working Capital January 1st .....	<u>397,985</u>	<u>535,943</u>
Working Capital June 30th .....	<u>\$ 362,967</u>	<u>\$ 553,726</u>

AR53

*Martin-McNeely  
Mines Limited*

and Subsidiary Co.

INTERIM REPORT

6  
MONTHS  
ENDED  
June 30, 1971



# MARTIN-McNEELY MINES LIMITED

and Subsidiary Co.

## CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES (unaudited)

	June 30 1971	June 30 1970
Balance Deferred January 1st .....	\$356,907.	\$331,335.
<b>Exploration</b>		
Leased Claims Rental .....	—	18,222.
Engineering Fees and other Expenses .....	719.	13,425.
	<u>719.</u>	<u>31,647.</u>
<b>Administrative</b>		
Shareholders' Information .....	2,280.	2,053.
General Expense .....	283.	787.
Transfer Agent's Fees .....	494.	462.
Office Rental .....	300.	300.
General Administrative .....	850.	900.
Directors' Fees .....	350.	150.
Audit Fees .....	625.	475.
Office Salary and Expense .....	266.	285.
	<u>5,448.</u>	<u>5,412.</u>
TOTAL Exploration and Administrative .....	6,167.	37,059.
	<u>363,074.</u>	<u>368,394.</u>
Deduct: Interest and Dividend Income .....	6,550.	11,452.
	<u>356,524.</u>	<u>356,942.</u>
Deferred Balance June 30th .....		

## STATEMENT OF SOURCE & APPLICATION OF FUNDS (unaudited)

	June 30 1971	June 30 1970
<b>Source of Funds</b>		
Income from Investments .....	\$ 6,550.	\$ 11,452.
<b>Application of Funds</b>		
Exploration and Administrative Expense .....	6,167.	37,059.
Loss on Sale of Investments .....	—	9,411.
	<u>6,167.</u>	<u>46,470.</u>
Increase or (Decrease) in Working Capital .....	383.	(35,018.)
Working Capital January 1st .....	349,215.	397,985.
	<u>349,598.</u>	<u>362,967.</u>
Working Capital June 30th .....		

# MARTIN-McNEELY MINES, LIMITED

Suite 3914, Royal Trust Tower  
Toronto-Dominion Centre  
Toronto 111, Ontario

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of the Shareholders of Martin-McNeely Mines, Limited, will be held in the Nova Scotia Room, Royal York Hotel, Front Street West, Toronto, Ontario, on Monday, July 20, 1970, at the hour of 11:00 o'clock in the morning (Toronto time) for the following purposes:

- (a) To receive the report of the Directors for the year ended December 31, 1969;
- (b) To receive the balance sheet of the Company as at March 31, 1970, the supporting financial statements and the report of the auditors thereon;
- (c) To elect Directors;
- (d) To appoint auditors and authorize the Directors to fix their remuneration; and
- (e) To transact such other business as may properly come before the meeting.

DATED at Toronto, Ontario, this 25th day of June, 1970.

By Order of the Board,

N. W. WHEATLEY,  
Secretary.

If unable to attend the meeting, you are requested to sign, date and return the form of proxy in the addressed envelope enclosed for this purpose.



# MARTIN-McNEELY MINES, LIMITED

## INFORMATION CIRCULAR

for

### Annual Meeting of Shareholders to be held July 20, 1970

This Information Circular accompanies Notice of the Annual Meeting of the Shareholders of Martin-McNeely Mines, Limited (the Company) to be held on July 20, 1970, and is furnished in connection with the solicitation by the management of proxies to be voted at such meeting for the purposes set forth in the Notice.

The solicitation will be initially by mail but proxies may also be solicited by regular employees of the Company. The costs of such solicitation will be borne by the Company.

#### VOTING RIGHTS

6,000,000 shares with a par value of \$1.00 each in the capital of the Company are outstanding, each of which entitles the holder to one vote at all meetings of shareholders.

Shareholders of record on July 20, 1970, the date of the Annual Meeting, are entitled to vote but those desiring to be represented at the meeting by a nominee must deposit their proxies with the Company prior to the commencement of the meeting.

So far as management has been able to ascertain, no person or company owns directly or indirectly equity shares of the Company carrying more than 10 per cent of the voting rights attached to all equity shares of the Company.

#### VOTING OF PROXIES

The shares represented by the form of proxy enclosed herewith will be voted and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the shares shall, subject to Section 105 of The Securities Act, 1966 (Ontario), be voted in accordance with the specification so made. With respect to matters as to which a choice is not so specified it is intended to vote the shares represented by the form of proxy in favour of each such matter. The form of proxy also confers discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting and other matters which may properly come before the meeting.

A shareholder giving a proxy in the form enclosed has the power to revoke it at any time before it is exercised.

A shareholder has the right to appoint a person to represent him at the meeting other than the person designated in the form of proxy. To exercise this right the shareholder may insert the name of the desired person in the blank space provided in the form of proxy and strike out the other names or may submit another form of proxy.

#### ELECTION OF DIRECTORS

The Board consists of seven directors. The Management of the Company proposes to nominate the persons listed below for election as directors of the Company to hold office until the annual meeting next following or until their successors are elected or appointed. All such proposed nominees are now directors of the Company and have been since the dates indicated. Proxies given pursuant to this solicitation by the management of the Company will be voted for the election of such proposed nominees as directors. If any of the proposed nominees should for any reason be unable to serve as directors of the Company, the persons named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion.



The following table sets out the names of the seven persons proposed to be nominees for election as directors, their position with the Company, their respective present principal occupations or employments, the period during which each has served as a director of the Company and the approximate number of shares of the Company beneficially owned directly or indirectly by each of them.\*

<u>Proposed Nominee</u>	<u>Other Positions and Offices held with the Company</u>	<u>Principal Occupation or Employment</u>	<u>Date First Elected a Director</u>	<u>Shares Beneficially Owned as at June 25, 1970</u>
H. Dahl-Jensen		President, Mihorean and Dahl-Jensen, Real Estate Agents, Unionville, Ont.	June 11, 1969	1
J. E. J. Fahlgren		President, Cochenour Willans Gold Mines Limited.	May 30, 1968	1
R. E. Fasken		Vice-President, Siscoe Mines Ltd.	May 30, 1968	1
G. B. Henning		President and General Manager, Langley's Ltd.	April 4, 1962	1,000
C. M. Masterman		Secretary, Siscoe Mines Ltd.	June 11, 1969	1
G. T. Smith	President	Barrister and Solicitor; President, Siscoe Mines Ltd., Executive Vice-President, Northgate Exploration Ltd.	May 30, 1968	1
R. M. Smith		Assistant to the President, Consolidated Morrison Explorations, Limited (for a period exceeding five years).	June 1, 1970	1

\*Above information solicited by management from the above nominees.

#### REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid or payable during the year ended December 31, 1969 to the directors and senior officers of the Company was \$1,025.00.

#### APPOINTMENT OF AUDITORS

It is proposed that Messrs. Allen, Miles, Fox & Johnston, Chartered Accountants, the Company's auditors since June 11, 1965 be re-appointed. Proxies given pursuant to this solicitation by the management of the Company will be voted for their re-appointment at a remuneration to be fixed by the Board of Directors.

#### GENERAL

The management of the Company knows of no matter to come before the said meeting other than the matters referred to in the Notice of the said meeting. However, if any other matters which are not now known to the management of the Company should properly come before the said meeting, proxies given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgment of the person voting the proxy.

DATED as of June 25, 1970.

